US Visa Ban Extension

GS-PAPER-2 IR India and USA

The US administration extended the 60-day ban on immigration and non-immigrant worker visas till the end of 2020.

**Why:** The US President Donald Trump said that the move was to protect domestic workers. They are said to have been impacted due to a contraction in the economy in the wake of the Covid-19 pandemic. Popular work visas including the much-coveted H-1B and H-2B, and certain categories of H-4, J, and L visas shall also remain suspended.

**Different categories of visas issued?**

- **Immigrant visas** are issued to foreign nationals who intend to live permanently in the US.
- **Non-immigrant visas** are for foreign nationals willing to enter the US on a temporary basis. These may be for tourism, medical treatment, business, temporary work, study, or other similar reasons.
- The US issues a certain number of visas each year to fill a vacuum of highly-skilled low-cost employees in IT and other related domains. This allows companies from outside the US to send employees to work on client sites.
- Of these work visas, the H-1B remains the most popular among Indian IT companies.
- **H-1B is issued for people to work in a specialty occupation.** It requires a higher education degree of its equivalent. The US government has a cap of 85,000 total H-1B visas for each year. Of this, 65,000 H-1B visas are issued to highly skilled foreign workers. The rest 20,000 can be additionally allotted to highly skilled foreign workers who have a higher education or masters degree from an American university.
- Apart from the H-1B visas, the US government also issues **L1 visas.** This allows companies to transfer highly skilled workers to US for a period of up to 7 years.
- **H-2B visas** allow food and agricultural workers to seek employment in the US. (PT EXAM)

**Why US suspend non-immigrant worker visas?**

Since it was started in 1952, the H-1 visa scheme has undergone many changes and revisions. These were done to allow or disallow certain categories of skilled workers into the US. The changes were made depending on the economic situation of the country.

The eventual technology boom saw the arrival of the internet and low-cost computers in developing nations such as India and China. This led to a large number of graduates with a will to work at relatively low costs in the US. This turned out to be a win-win situation for both the employer and the employee.

However, there raised a concern of having low cost workers in the US at the expense of domestic workers. In 2017, after taking over as the US President, Trump had hinted that the low-cost workers were hampering the economy and undercutting jobs of citizens. The US had then hinted at reforming the “broken” H-1B visa system. Now, Trump seized the opportunity provided by the economic contraction due to Covid-19. He first banned the entry of non-

What are the likely implications?

- Since the ban is effective immediately, the processing of all new H-1B, H-2B, J, and L visa categories stand suspended. So, those who do not have a valid non-immigrant visa as of 23 June 2020 and are outside of the US, will not be allowed to enter the country until 31 December 2020.
- H-1B, H-2B, J and L visa holders, and their spouse or children already present in the US shall not be impacted by the new worker visa ban.
- Also, workers in essential services in the food sector have been given some reprieve. Their entry shall be decided by the consular officer of immigration services.

How does it affect the Indian IT companies?

- Indian IT companies are amongst the biggest beneficiaries of the US H-1B visa regime. Since 1990s, Indian IT companies have utilised a huge share of the total number of visas issued each year.
- As of April 1, 2020, the US Citizenship and Immigration Services (USCIS) had received about 2.5 lakh H-1B work visa applications.
- Indians had applied for as many as 1.84 lakh or 67% of the total H-1B work visas for the current financial year ending March 2021.
- Apart from the suspension, the executive order has also made sweeping changes to the H-1B work visa norms. So, the visa issuance will no longer be decided by the currently prevalent lottery system. The new norms will favour highly-skilled workers who are paid the highest wages by their respective companies.
- This could result in a significant impact on margins and worker wages of Indian IT companies that send thousands of low-cost employees to work on client sites in the US. The large Indian IT companies have cut down their dependency on H-1B and other worker visas by hiring as much as 50% of staff locally.
- However, they still rely on these visas to keep costs in check. Indian IT companies also offer subcontracts to Indian nationals already present in the US with valid H-1B visas. E.g. Bangalore-based Wipro spends as much as 20% of its revenue to subcontract Indian workers with valid H-1B visas. In all, the changes are largely disadvantageous to the Indian IT companies.